

§§ 151(a), 154, 201-205, 215, 218 and 220, and Section 553(b)(B) of the Administrative Procedure Act, 5 U.S.C. § 553(b)(B), Parts 32, 43, and 64 of the Commission's rules, 47 C.F.R. Parts 32, 43, and 64 ARE AMENDED, as described in Part II, above.¹¹⁵

55. IT IS FURTHER ORDERED that, pursuant to Sections 402(b)(2)(B) and 402(c) of the Telecommunications Act of 1996, Pub. L. No. 104-104, sec. 402(b)(2)(B) and 402(c), and Sections 1, 4, 201-205, 215, 218, 220 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151(a), 154, 201-205, 215, 218 and 220, and Section 553(B)(b) of the Administrative Procedure Act, 5 U.S.C. § 553(B)(b), that the rule changes described in Part II, above, SHALL BE EFFECTIVE UPON PUBLICATION of this Order in the Federal Register.

56. IT IS FURTHER ORDERED that, pursuant to Sections 402(b)(2)(B) of the Telecommunications Act of 1996, Pub. L. No. 104-104, sec. 402(b)(2)(B), and Sections 1, 4, 201-205, 215, 218, 220 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151(a), 154, 201-205, 215, 218 and 220, the Petition for Leave to Withdraw Cost Allocation Manual filed March 29, 1996 by Anchorage Telephone Utility IS DENIED.

57. IT IS FURTHER ORDERED that, pursuant to Sections 402(b)(2)(B) of the Telecommunications Act of 1996, Pub. L. No. 104-104, sec. 402(b)(2)(B), and Sections 1, 4, 201-205, 215, 218, 220 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151(a), 154, 201-205, 215, 218 and 220, the Petition for Declaratory Ruling or, in the Alternative, for Waiver or Rule Making filed June 22, 1995 by Anchorage Telephone Utility IS GRANTED to the extent indicated in paragraph 31, above, and otherwise IS DENIED.

58. IT IS FURTHER ORDERED that, pursuant to Sections 402(b)(2)(B) of the Telecommunications Act of 1996, Pub. L. No. 104-104, sec. 402(b)(2)(B), and Sections 1, 4, 201-205, 215, 218, 220 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151(a), 154, 201-205, 215, 218 and 220, the Petition for Extension of Time for FCC ARMIS Form 43-01 filed June 22, 1995 by Anchorage Telephone Utility IS DISMISSED AS MOOT.

59. IT IS FURTHER ORDERED that, pursuant to Sections 402(b)(2)(B) and 402(c) of the Telecommunications Act of 1996, Pub. L. No. 104-104, sec. 402(b)(2)(B) and 402(c), and Sections 1, 4, 201-205, 215, 218, 220 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151(a), 154, 201-205, 215, 218 and 220, NOTICE IS HEREBY GIVEN of proposed amendments

¹¹⁵ Appendix A provides the text of the amended rules. The amended rules incorporate minor changes to correct typographical errors.

to Parts 32, 43, and 64 of the Commission's rules, 47 C.F.R. Parts 32, 43, and 64 as described in the above NOTICE OF PROPOSED RULEMAKING.¹¹⁶

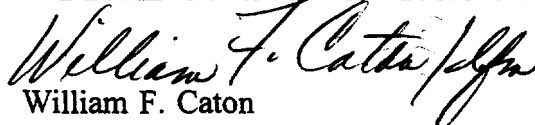
60. IT IS FURTHER ORDERED that, the Secretary shall send a copy of the above NOTICE OF PROPOSED RULEMAKING, including the Regulatory Flexibility Certification, to the Chief Counsel for Advocacy of the Small Business Administration, in accordance with paragraph 603(a) of the Regulatory Flexibility Act, 5 U.S.C. §§ 601 *et seq.* (1981).

61. IT IS FURTHER ORDERED that, pursuant to Sections 402(b)(2)(B) and 402(c) of the Telecommunications Act of 1996, Pub. L. No. 104-104, sec. 402(b)(2)(B) and 402(c), and Sections 1, 4, 201-205, 215, 218, 220 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151(a), 154, 201-205, 215, 218 and 220, enforcement of Sections 64.903 and 64.904 of the Commission's rules, 47 C.F.R. §§ 64.903 and 64.904, IS STAYED to the extent stated in paragraph 15, above.

62. IT IS FURTHER ORDERED that, pursuant to Sections 402(b)(2)(B) and 402(c) of the Telecommunications Act of 1996, Pub. L. No. 104-104, sec. 402(b)(2)(B) and 402(c), and Sections 1, 4, 201-205, 215, 218, 220 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151(a), 154, 201-205, 215, 218 and 220, enforcement of the filing requirements in Part 43 of the Commission's rules, 47 C.F.R. Part 43, IS STAYED to the extent stated in paragraph 15, above.

63. IT IS FURTHER ORDERED that, pursuant to Sections 402(b)(2)(B) and 402(c) of the Telecommunications Act of 1996, Pub. L. No. 104-104, sec. 402(b)(2)(B) and 402(c), and Sections 1, 4, 201-205, 215, 218, 220 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151(a), 154, 201-205, 215, 218 and 220, the dates for filing ARMIS reports ARE STAYED until ninety (90) days following the Federal Register publication of our Report and Order in this proceeding.

FEDERAL COMMUNICATIONS COMMISSION


William F. Caton
Acting Secretary

¹¹⁶ Appendix C provides the text of the proposed rules. The proposed rules incorporate minor changes to correct typographical errors.

APPENDIX A -- RULES**PART 32 -- UNIFORM SYSTEM OF ACCOUNTS FOR TELECOMMUNICATIONS COMPANIES**

1. The authority citation for Part 32 is revised to read as follows:

AUTHORITY: Secs. 4(i), 4(j), and 220, as amended; 47 U.S.C. 154(i), 154(j) and 220; Telecommunications Act of 1996, Pub. L. No. 104-104, sec. 402(c), 110 Stat. 56 (1996) unless otherwise noted.

2. Section 32.11 is amended by revising paragraphs (a) (1) and (2) to read as follows:

§ 32.11. Classification of companies.

(a) * * *

(1) Class A. Companies having annual revenues from regulated telecommunications operations that are equal to or above the indexed revenue threshold.

(2) Class B. Companies having annual revenues from regulated telecommunications operations that are less than the indexed revenue threshold.

* * * * *

3. Section 32.9000 is amended by adding the definition of "indexed revenue threshold for a given year" in alphabetical order to read as follows:

§ 32.9000. Glossary of terms.

* * * * *

"Indexed revenue threshold for a given year" means \$100 million, adjusted for inflation, as measured by the Department of Commerce Gross Domestic Product Chain-type Price Index (GDP-CPI), for the period from October 19, 1992 to the given year. The indexed revenue threshold for a given year shall be determined by multiplying \$100 million by the ratio of the annual value of the GDP-CPI for the given year to the estimated seasonally adjusted GDP-CPI on October 19, 1992. The indexed revenue threshold shall be rounded to the nearest \$1 million. The seasonally adjusted GDP-CPI on October 19, 1992 is determined to be 100.69.

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PART 43 -- REPORTS OF COMMUNICATION COMMON CARRIERS AND CERTAIN AFFILIATES

1. The authority citation for Part 43 is revised to read as follows:

AUTHORITY: Sec. 4, 48 Stat. 1066, as amended; 47 U.S.C. 154; Telecommunications Act of 1996, Pub. L. No. 104-104, secs. 402(b)(2)(B), (c), 110 Stat. 56 (1996) unless otherwise noted. Interpret or apply secs. 211, 219, 220, 48 Stat. 1073, 1077, as amended; 47 U.S.C. 211, 219, 220.

2. Section 43.21 is amended by revising the first two sentences of paragraph (a), revising paragraph (c), revising the first two sentences of paragraph (d), revising the introductory text of paragraph (f), and adding new paragraph (g) to read as follows:

§ 43.21. Annual reports of carriers and certain affiliates.

(a) Communication common carriers having annual operating revenues in excess of the indexed revenue threshold, as defined in § 32.9000, and certain companies (as indicated in paragraph (c) of this section) directly or indirectly controlling such carriers shall file with the Commission annual reports or an annual letter as provided in this section. Except as provided in paragraphs (c), (e), (f), and (g) of this section, each annual report required by this section shall be filed not later than March 31 of each year, covering the preceding calendar year. * * *

* * * * *

(c) Each company, not itself a communication common carrier, that directly or indirectly controls any communication common carrier that has annual operating revenues equal to or above the indexed revenue threshold shall file annually with the Commission, not later than the date prescribed by the Securities and Exchange Commission for its purposes, two complete copies of any annual report Forms 10-K (or any superseding form) filed with that Commission.

(d) Each miscellaneous common carrier (as defined by § 21.2 of this chapter) with operating revenues for a calendar year in excess of the indexed revenue threshold shall file with the Common Carrier Bureau Chief a letter showing its operating revenues for that year and the value of its total communications plant at the end of that year. Each record carrier with operating revenues for a calendar year in excess of three-fourths of the indexed revenue threshold shall file a letter showing selected income statement and balance sheet items for that year with the Common Carrier Bureau Chief. * * *

* * * * *

(f) Each local exchange carrier with annual operating revenues equal to or above the indexed revenue threshold shall file, no later than April 1 of each year, reports showing:

* * * * *

(g) Each local exchange carrier with operating revenues for the preceding year that are equal to or above the indexed revenue threshold shall file, no later than April 1 of each year, a report showing for the previous calendar year its revenues, expenses, taxes, plant in service, other investment and depreciation reserves, and such other data as are required by the Commission, on computer media prescribed by the Commission. The total operating results shall be allocated between regulated and nonregulated operations, and the regulated data shall be further divided into the following categories: State and interstate, and the interstate will be further divided into common line, traffic sensitive access, special access and nonaccess.

3. Section 43.22 is revised to read as follows:

§ 43.22. Quarterly reports of communication common carriers.

Each designated interstate carrier with operating revenues for the preceding year that are equal to or above the indexed revenue threshold shall file, by March 31, June 30, September 30, and December 31 of each year, a report showing for the previous calendar quarter its revenues, expenses, taxes, plant in service, other investment and depreciation reserves, and such other data as are required by the Commission, on computer media prescribed by the Commission. The total operating results shall be allocated between regulated and nonregulated operations, and the regulated data shall be further divided into the following categories: State and interstate, and the interstate will be further divided into the major services.

4. Section 43.41 is amended by revising the first sentence to read as follows:

§ 43.41 Reports on inside wiring services.

Each local exchange carrier with annual operating revenues equal to or above the indexed revenue threshold shall file, within thirty (30) days of its publication or release, a copy of any state or local statute, rule, order, or other document that regulates, or proposes to regulate, the price or prices the local exchange carrier charges for inside wiring services. * * *

5. Paragraph (a) of section 43.43 is revised to read as follows:

§ 43.43 Reports of proposed changes in depreciation rates.

(a) Each communication common carrier with annual operating revenues equal to or above the indexed revenue threshold and which has been found by this Commission to be a dominant carrier with respect to any communications service shall, before making any change in

the depreciation rates applicable to its operated plant, file with the Commission a report furnishing the data described in the subsequent paragraphs of this section, and also comply with the other requirements thereof.

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PART 64 -- MISCELLANEOUS RULES RELATING TO COMMON CARRIERS

1. The authority citation for Part 64 is revised to read as follows:

AUTHORITY: Sec. 4, 48 Stat. 1066, as amended; 47 U.S.C. 154; Telecommunications Act of 1996, Pub. L. No. 104-104, secs. 402(b)(2)(B), (c), 110 Stat. 56 (1996) unless otherwise noted. Interpret or apply secs. 201, 218, 226, 228, 48 Stat. 1070, as amended, 1077; 47 U.S.C. 201, 218, 226, 228 unless otherwise noted.

2. Section 64.903 is amended by revising the introductory text of paragraph (a) and paragraph (b) to read as follows:

§ 64.903. Cost allocation manuals.

(a) Each local exchange carrier with annual operating revenues equal to or above the indexed revenue threshold, as defined in § 32.9000 of this chapter, shall file with the Commission a manual containing the following information regarding its allocation of costs between regulated and nonregulated activities:

* * * * *

(b) Each carrier shall ensure that the information contained in its cost allocation manual is accurate. Carriers must update their cost allocation manuals at least annually, except that changes to the cost apportionment table and to the description of time reporting procedures must be filed at least 60 days before the carrier plans to implement the changes. Annual cost allocation manual updates shall be filed on or before the last working day of each calendar year. Proposed changes in the description of time reporting procedures, the statement concerning affiliate transactions, and the cost apportionment table must be accompanied by a statement quantifying the impact of each change on regulated operations. Changes in the description of time reporting procedures and the statement concerning affiliate transactions must be quantified in \$100,000 increments at the account level. Changes in cost apportionment tables must be quantified in \$100,000 increments at the cost pool level. The Chief, Common Carrier Bureau may suspend any such changes for a period not to exceed 180 days, and may thereafter allow the change to become effective or prescribe a different procedure.

* * * * *

APPENDIX B -- Interim Inflation Adjusted Revenue Thresholds

Year	GDP-CPI (annual) [index numbers, 1992=100]	Ratio	<u>GDP-CPI (annual)</u> GDP-CPI(10/19/92)	Inflation Adjusted Revenue Threshold (millions)
1993	102.6	1.0189		\$102
1994	105.0	1.0428		\$104
1995	107.6	1.0686		\$107

The estimated value of the Gross Domestic Product Chain-type Price Index (GDP-CPI) on October 19, 1992 is 100.69. This estimate is obtained by linearly interpolating the seasonally adjusted third quarter 1992 GDP-CPI value of 100.2 (as of the mid-point of the third quarter, August 15, 1992) and the seasonally adjusted fourth quarter 1992 GDP-CPI value of 100.9 (as of the mid-point of the fourth quarter, November 15, 1992).

Source: National Income and Product Accounts Tables, 1991-94, Survey of Current Business, Jan./Feb. 1996, tbl. 7.1 at 83; Selected NIPA Tables, Survey of Current Business, Mar. 1996, tbl. 7.1 at 22.

APPENDIX C -- PROPOSED RULES**PART 32--UNIFORM SYSTEM OF ACCOUNTS FOR TELECOMMUNICATIONS COMPANIES**

1. The authority citation for Part 32 is revised to read as follows:

AUTHORITY: Secs. 4(i), 4(j), and 220, as amended; 47 U.S.C. 154(i), 154(j) and 220; Telecommunications Act of 1996, Pub. L. No. 104-104, sec. 402(c), 110 Stat. 56 (1996) unless otherwise noted.

2. Section 32.11 is amended by revising paragraphs (a) (1) and (2) to read as follows:

§ 32.11. Classification of companies.

(a) * * *

(1) Class A. Companies having annual revenues from regulated telecommunications operations that are equal to or above the indexed revenue threshold.

(2) Class B. Companies having annual revenues from regulated telecommunications operations that are less than the indexed revenue threshold.

* * * * *

3. Section 32.9000 is proposed to be amended by adding the definition of "indexed revenue threshold for a given year" in alphabetical order to read as follows:

§ 32.9000. Glossary of terms.

* * * * *

"Indexed revenue threshold for a given year" means \$100 million, adjusted for inflation, as measured by the Department of Commerce Gross Domestic Product Chain-type Price Index (GDP-CPI), for the period from October 19, 1992 to the given year. The indexed revenue threshold for a given year shall be determined by multiplying \$100 million by the ratio of the annual value of the GDP-CPI for the given year to the estimated seasonally adjusted GDP-CPI on October 19, 1992. The indexed revenue threshold shall be rounded to the nearest \$1 million. The seasonally adjusted GDP-CPI on October 19, 1992 is determined to be 100.69.

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PART 43 -- REPORTS OF COMMUNICATION COMMON CARRIERS AND CERTAIN AFFILIATES

1. The authority citation for Part 43 is revised to read as follows:

AUTHORITY: Sec. 4, 48 Stat. 1066, as amended; 47 U.S.C. 154; Telecommunications Act of 1996, Pub. L. No. 104-104, secs. 402(b)(2)(B), (c), 110 Stat. 56 (1996) unless otherwise noted. Interpret or apply secs. 211, 219, 220, 48 Stat. 1073, 1077, as amended; 47 U.S.C. 211, 219, 220.

2. Section 43.01 is amended by revising paragraph (b) and adding new paragraph (c) to read as follows:

§ 43.01. Applicability.

* * * * *

(b) Except as provided in paragraph (c) of this section, carriers becoming subject to the provisions of the several sections of this part for the first time, should, within thirty (30) days of becoming subject, file the required data as set forth in the various sections of the part.

(c) Carriers becoming subject to the provisions of §§ 43.21, 43.41, and 43.43 for the first time, by virtue of having annual operating revenues equal to or in excess of the indexed revenue threshold for a given year, shall begin filing pursuant to such provisions in the calendar year following the publication of that indexed revenue threshold in the Federal Register. With respect to such initial filing of reports by any carrier, pursuant to the provisions of § 43.21(d), (e), (f), (g), (h), (i), (j), and (k), this requirement means that the carrier is to begin data collection in the calendar year following the publication of that indexed revenue threshold in the Federal Register.

3. Section 43.21 is amended by revising the first two sentences of paragraph (a), removing paragraph (b), revising paragraph (c), revising paragraph (d), revising the introductory text of paragraph (f), revising paragraph (g), redesignating paragraphs (c) through (g) as paragraphs (b) through (f), and adding new paragraphs (g), (h), (i), (j), and (k) to read as follows:

§ 43.21. Annual reports of carriers and certain affiliates.

(a) Communication common carriers having annual operating revenues in excess of the indexed revenue threshold, as defined in § 32.9000, and certain companies (as indicated in paragraph (b) of this section) directly or indirectly controlling such carriers shall file with the Commission annual reports or an annual letter as provided in this section. Except as provided in paragraph (b) of this section, each annual report required by this section shall be filed no later than April 1 of each year, covering the preceding calendar year. * * *

(b) Each company, not itself a communication common carrier, that directly or indirectly controls any communication common carrier that has annual operating revenues equal to or above the indexed revenue threshold shall file annually with the Commission, not later than the date prescribed by the Securities and Exchange Commission for its purposes, two complete copies of any annual report Forms 10-K (or any superseding form) filed with that Commission.

(c) Each miscellaneous common carrier (as defined by § 21.2 of this chapter) with operating revenues for a calendar year in excess of the indexed revenue threshold shall file with the Common Carrier Bureau Chief a letter showing its operating revenues for that year and the value of its total communications plant at the end of that year. Each record carrier with operating revenues for a calendar year in excess of three-fourths of the indexed revenue threshold shall file a letter showing selected income statement and balance sheet items for that year with the Common Carrier Bureau Chief. These letters must be filed no later than April 1 of the following year.

* * * * *

(e) Each local exchange carrier with annual operating revenues equal to or above the indexed revenue threshold shall file, no later than April 1 of each year, reports showing:

* * * * *

(f) Each local exchange carrier with operating revenues for the preceding year that are equal to or above the indexed revenue threshold shall file, no later than April 1 of each year, a report showing for the previous calendar year its revenues, expenses, taxes, plant in service, other investment and depreciation reserves, and such other data as are required by the Commission, on computer media prescribed by the Commission. The total operating results shall be allocated between regulated and nonregulated operations, and the regulated data shall be further divided into the following categories: State and interstate, and the interstate will be further divided into common line, traffic sensitive access, special access and nonaccess.

(g) Each local exchange carrier for whom price cap regulation is mandatory and for every local exchange carrier that elects to be covered by the price cap rules shall file, by April 1 of each year, a report designed to capture trends in service quality under price cap regulation. The report shall contain data from the previous calendar year on a study area basis including information on installation and repair intervals, trunk blockage, switch downtime, and service quality complaints.

(h) Each local exchange carrier for whom price cap regulation is mandatory shall file, by April 1 of each year, a report designed to capture trends in service quality under price cap regulation. The report shall contain data from the previous calendar year on a study area basis including a summary customer satisfaction survey and information on transmission quality and dial tone response.

(i) Each local exchange carrier for whom price cap regulation is mandatory shall file, by April 1 of each year, a report containing data from the previous calendar year on a study area basis that is designed to capture trends in telephone industry infrastructure development under price cap regulation.

(j) Each local exchange carrier with annual operating revenues equal to or above the indexed revenue threshold shall file, no later than April 1 of each year, a report containing data from the previous calendar year on an operating company basis that is designed to collect statistical data designed to monitor network growth, usage, and reliability.

(k) Each designated interstate carrier with operating revenues for the preceding year that are equal to or above the indexed revenue threshold shall file, no later than April 1 of each year, a report showing for the previous calendar year its revenues, expenses, taxes, plant in service, other investment and depreciation reserves, and such other data as are required by the Commission, on computer media prescribed by the Commission. The total operating results shall be allocated between regulated and nonregulated operations, and the regulated data shall be further divided into the following categories: State and interstate, and the interstate will be further divided into the major services.

4. Section 43.22 is removed.

5. Section 43.41 is amended by revising the first sentence to read as follows:

§ 43.41 Reports on inside wiring services.

Each local exchange carrier with annual operating revenues equal to or above the indexed revenue threshold shall file, within thirty (30) days of its publication or release, a copy of any state or local statute, rule, order, or other document that regulates, or proposes to regulate, the price or prices the local exchange carrier charges for inside wiring services. * * *

6. Paragraph (a) of section 43.43 is revised to read as follows:

§ 43.43 Reports of proposed changes in depreciation rates.

(a) Each communication common carrier with annual operating revenues equal to or above the indexed revenue threshold and which has been found by this Commission to be a dominant carrier with respect to any communications service shall, before making any change in the depreciation rates applicable to its operated plant, file with the Commission a report furnishing the data described in the subsequent paragraphs of this section, and also comply with the other requirements thereof.

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PART 64 -- MISCELLANEOUS RULES RELATING TO COMMON CARRIERS

1. The authority citation for Part 64 is revised to read as follows:

AUTHORITY: Sec. 4, 48 Stat. 1066, as amended; 47 U.S.C. 154; Telecommunications Act of 1996, Pub. L. No. 104-104, secs. 402(b)(2)(B), (c), 110 Stat. 56 (1996) unless otherwise noted. Interpret or apply secs. 201, 218, 226, 228, 48 Stat. 1070, as amended, 1077; 47 U.S.C. 201, 218, 226, 228 unless otherwise noted.

2. Section 64.903 is amended by revising the introductory text of paragraph (a) and paragraph (b) to read as follows:

§ 64.903. Cost allocation manuals.

(a) Each local exchange carrier with annual operating revenues equal to or above the indexed revenue threshold, as defined in § 32.9000 of this chapter, shall file with the Commission within 90 days after the publication of that threshold in the Federal Register, a manual containing the following information regarding its allocation of costs between regulated and nonregulated activities:

* * * * *

(b) Each carrier shall ensure that the information contained in its cost allocation manual is accurate. Carriers must update their cost allocation manuals at least annually, except that changes to the cost apportionment table and to the description of time reporting procedures must be filed at least 60 days before the carrier plans to implement the changes. Annual cost allocation manual updates shall be filed on or before the last working day of each calendar year. Proposed changes in the description of time reporting procedures, the statement concerning affiliate transactions, and the cost apportionment table must be accompanied by a statement quantifying the impact of each change on regulated operations. Changes in the description of time reporting procedures and the statement concerning affiliate transactions must be quantified in \$100,000 increments at the account level. Changes in cost apportionment tables must be quantified in \$100,000 increments at the cost pool level. The Chief, Common Carrier Bureau may suspend any such changes for a period not to exceed 180 days, and may thereafter allow the change to become effective or prescribe a different procedure.

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3. Paragraph (a) of section 64.904 is revised to read as follows:

§ 64.904. Independent audits.

(a) Each local exchange carrier required by this part or by Commission order to file a cost allocation manual shall have an audit performed annually, by an independent auditor, with the

initial audit performed in the calendar year after the carrier is first required to file a cost allocation manual. The audit shall provide a positive opinion on whether the applicable data shown in the carrier's annual report required by § 43.21(e)(2) of this chapter present fairly, in all material respects, the information of the carrier required to be set forth therein in accordance with the carrier's cost allocation manual, the Commission's Joint Cost Orders issued in conjunction with CC Docket No. 86-111 and the Commission's rules and regulations including §§ 32.23 and 32.27 of this chapter, 64.901, and 64.903 in force as of the date of the auditor's report. The audit shall be conducted in accordance with generally accepted auditing standards, except as otherwise directed by the Chief, Common Carrier Bureau.

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